

# Purchase Order Change Notice

Training and Policy Development  
Statewide Procurement Division  
Comptroller of Public Accounts

# Learning Objectives

- What is a POCN
- When to use a POCN
- When Not to use a POCN
- POCN vs Contract Amendment

# What is a POCN

- A Purchase Order Change Notice (POCN) is a document used to notify a contractor of specific changes to a purchase order, to document the procurement file and for Accounts Payable payment reconciliation.
- POCNs should not be used if the issuance of a new purchase order would achieve the requested action in a more efficient and economical manner.
- Contract Developers and Contract Managers are responsible for using good judgment and following your Agency's procedures in processing a POCN.
- The POCN typically only requires one signature of personnel authorized by the Agency. There may be cases where both parties are required to sign based on a mutual agreement clause in the Contract.
- It is a good business practice to consult with Procurement Management or your General Counsel for processing changes to a PO or Contract.

# When to use a POCN

The POCN is used to document changes in a “From” and “To” format: Examples of changes but not limited to:

- Extension or Renewal of term of PO
- Change in delivery timeline requirements
- Addition or Deletion of items
- Quantity Changes: Increase or Decrease
- Reconcile PO value to payment based on the changes in quantity or reconciliation of estimated freight charges
- Change ship-to or bill-to information
- Cancellation of entire Purchase Order

# POCN – Contract Price Adjustments

- **Contract Price Adjustments**
  - Price adjustments, up or down, should be processed in accordance with the Contract's price adjustment clause with a POCN or Contract Amendment.
- **Price Discounts – Delegated Procurements**
  - A Contractor may provide a discount at anytime prior to delivery of goods or services. A POCN is processed to revise the unit price for the Contract or for a Purchase Order issued against the Contract.
- **One-Time Procurement for Goods or Services**
  - A price increase request by a Contractor after PO is Issued may be cause to cancel the original PO and process a new solicitation.

# POCN Delegated – Goods or Services

## **\$5,000 or Less – Use POCN to:**

- Change price, quantity, delivery days or service dates as agreed upon with Contractor
- Cancel individual items and include the adjusted total for the PO
- Cancel the entire order
- Change quantity, over or under, as agreed upon by the Agency
- Excess Quantity:
  - It is the option of an agency to accept or pay for quantities in excess of the amount listed on the purchase order.
  - Do not accept excess quantities that will cause the total of the PO to exceed \$5,000
  - The agency should request, in writing, that the Contractor pick up the excess quantity by a specific date and time or the items will become the property of the agency at no additional cost.
- Less Than Quantity:
  - Request the Contractor to fulfill the original quantity required on the Purchase Order by a specific date and time, or
  - The agency may agree to accept the partial shipment as complete

# POCN Delegated – Goods or Services

## **Goods \$5000.01 - \$50,000 or Services \$5,000.01 - \$100,000**

- Price adjustments may be made in accordance with the Contract
- Exercise the renewal or extension in accordance with the terms of the Contract prior to expiration date
- Cancel individual items and include the adjusted total for the PO
- Cancel the entire PO
- Delivery terms should not be changed by POCN. Non-delivery or late-delivery is considered a vendor performance issue and a Vendor Performance Report should be filed as applicable.
- Excess Quantity Received- Goods
  - It is the option of an agency to accept or pay for quantities in excess of the amount listed on the purchase order.
  - Do not accept excess quantities that will cause the total of the PO to exceed \$50,000 for Goods
  - The agency should request, in writing, that the Contractor pick up the excess quantity by a specific date and time or the items will become the property of the agency at no additional cost.
- Less Than Quantity Ordered Received - Goods
  - Request the Contractor to fulfill the original quantity required on the Purchase Order by a specific date and time, or
  - The agency may agree to accept the partial shipment as complete
- Services: Do not allow additional services to be performed that will cause the total to exceed \$100,000

# Texas SmartBuy POCN

- A POCN must be processed through the on-line ordering system for changes to quantity, cancellation of individual line items or cancellation of the entire PO.
- Reference the TxSmartBuy User Guide available through the TxSmartBuy Help at:  
<http://www.txsmartbuy.com/help/>
- Prior to issuing a POCN for changes to pricing or items available through the Contract, contact SPD Statewide Contract Management for assistance.



# SPD Managed Contract POCN

Purchase Orders and POCNs issued against a CPA Manage Contracts are processed through the Agency's internal purchasing system or template.

Changes to a PO issued against a SPD Managed contract must be in accordance with the published Contract information available at <http://www.txsmartbuy.com/contracts?filterBy=Managed>

A POCN for a SPD Managed Contract purchase order can only be made for items that are active on the Contract.

- Adding a Line Item: Review the Price Sheet, include the NIGP Class/Item code, description, unit of measure, unit price, price extension, and new purchase order total. Include effective date of change and delivery terms based on the Contract (i.e. 30 Days ARO).
- Quantity Changes: Increasing or decreasing quantities, indicate the line item number, quantity, price extension, and new purchase order total
- Cancellation: Cancel all or specific line items (as allowed by contract terms) and adjust purchase order total accordingly.
- Distribution of POCN is sent to the Contractor by the Agency

POCNs should not be processed for pricing or products that differ from the published Contract information. Contact SPD Statewide Contract Management for assistance at [spd.cmo@cpa.texas.gov](mailto:spd.cmo@cpa.texas.gov)

# SPD Managed Blanket Order POCNs

It is the responsibility of the Agency to keep up to date on the Contract Details for SPD Managed Contracts to manage Blanket Orders issued against a Contract.

- End date of current Contract – Agency's PO must align with the published current Contract dates.
- Contract Items and Pricing – Price sheets have version dates. Blanket order pricing must align with the current published price sheet.
- Delivery Delays by Contractor
- Purchase Order Cancellation
- Restocking Fee for Returned Products

Substitutions: Contractors are not allowed to substitute products; therefore, prior to processing a POCN for a substitution, contact the SPD Contract Management Office at [spd.cmo@cpa.texas.gov](mailto:spd.cmo@cpa.texas.gov)

# SPD Term Contract Updates

The SPD Statewide Contract Management Office sends Term Contract updates through GovDelivery.

Information on how to subscribe to GovDelivery is available at:

<https://public.govdelivery.com/accounts/TXCOMPT/subscriber/new>

To receive the Contract updates, it is recommended to choose the following:

**Access Your Subscriber Preferences: Email Delivery Preferences:**

☒ Send updates immediately by email

**Subscription Topics:** ☒ State Purchasing

# When NOT to use a POCN

- Change the PO, Requisition or Contract number unless there was a typo on the purchase order.
- Extend the period of delivery or service beyond the expiration date and allowable extensions
- Increase a quantity or services beyond the scope of the contract.
- Report a Contractor's performance

# POCN Template

- A template for use for delegated and SPD Managed Contract POCNs is available under Purchasing
- Procurement Resources
- Publications and Forms
- Forms: Procurement Forms Library
- Other Forms: Delegated Purchase Order Change Notice

# POCN Header Information

Agency name		Date
Street address		
City	State	ZIP code
Contact name		
Contact phone (area code and number)	E-mail	

# POCN Contractor Information

Vendor identification number (VIN)		
Contractor name		
Street address		
City	State	ZIP code
Contact name		
Contact phone (area code and number)	E-mail	

# PO or Requisition Number and Date

- Agency Purchase Order/Requisition Number
- Purchase Order/Requisition Date

Agency purchase order/requisition number	Purchase order/requisition date

- Scope of Change

<b>Scope of Change</b> - <i>Include code(s) as applicable</i>



# Scope of Change Format Suggestion

Suggested “From” and “To” Format

## **Change to Item No. 1 Green Stuff**

Change Quantity From:	20	Each	\$1.00	\$20.00
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Change Quantity To:	25	Each	\$1.00	\$25.00
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## **Change Order Total:**

From \$40.00

To: \$45.00

## **Renewal or Extension:**

Term of Contract: September 1, 2017 – August 31, 2018

Exercising the 1<sup>st</sup> of 3 renewal options: September 1, 2018 – August 31, 2019

## **Cancellation of Items**

Item Nos 1 and 3 are cancelled effective (Date) – Order Total Change From: \$#.## TO: \$#.##

Entire Purchase Order Cancelled Effective (Date)

# POCN Signature

- The POCN should be signed with a signature authorized by the Agency prior to sending to the Contractor

<p>Signature authorized by agency</p> <p>sign here ▶</p>	<p>Printed name</p>
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# Vendor Performance Tracking

- Agencies are required to enter a Vendor Performance report for each procurement valued at \$25,000 or more.
- Agencies are encouraged to file a report for procurements valued at less than \$25,000 to document Contractors that are habitual in non-performance, non-delivery or providing non-spec goods.

# Contract Amendment

- A contract amendment is used for changes to an existing contractual agreement. Contact your Contract Manager or General Counsel for appropriate use of a contract amendment.

# Resources

- POCN Template for Delegated or CPA Managed Contracts available in Purchasing Forms Library under Other Forms: [file:///C:/Users/ddor465/Downloads/76-147%20\(1\).pdf](file:///C:/Users/ddor465/Downloads/76-147%20(1).pdf)
- SPD Managed Term Contract Listing:  
<http://www.txsmartbuy.com/contracts?filterBy=Managed>
- Texas SmartBuy User Guide - TxSmartBuy Help: <http://www.txsmartbuy.com/help/>
- SPD Contacts: <https://comptroller.texas.gov/purchasing/contact/>
- Subscribe – GovDelivery:  
<https://public.govdelivery.com/accounts/TXCOMPT/subscriber/new>
- Vendor Performance Tracking System:  
<https://comptroller.texas.gov/purchasing/programs/vendor-performance-tracking/>



# Contact Information

Training and Policy Development

Statewide Procurement Division

Comptroller of Public Accounts

<https://comptroller.texas.gov/purchasing/training/>

[ctp@cpa.texas.gov](mailto:ctp@cpa.texas.gov)

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